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RV BUSINESS

SEPTEMBER 16, 1988

Supplier Group Studies 'Union' With WDA

A group of RV industry suppliers has apparently gained momentum in its quest for a "stronger suppliers' voice" in industry affairs.

A majority of the 125 participants in an Aug. 10 meeting, conducted during the Midwest Manufactured Housing and RV Show in South Bend, Ind., opted to conduct formal "long-range planning" discussions with the Bradenton, Fla.-based Warehouse Distributors Association (WDA). Those talks are aimed at forming a "union" with WDA, which in the past few years has amplified the role of its supplier members.

If consummated, a marriage between the nation's key RV suppliers and WDA, which has a current membership of 192 suppliers, 56 distributors and 23 manufacturers' agents, would give the suppliers a more visible national platform.

The closer supplier alignment with WDA would also give the association a broader base in an era when distributor ranks are dwindling and could prompt a major restructuring of WDA's board, its agenda and perhaps even its name.

WDA President Larry R. Boyd, president of B&B Trailer Supplies Ltd., London, Ontario, Canada, stressed that, despite the outcome of such talks, WDA intends to maintain a strong role for its current distributor members. "I hope people don't get the wrong impression," Boyd said after the meeting. "I wasn't here to erode the distributor base (of WDA). I am here to help expand the supplier base in the association, and I see very

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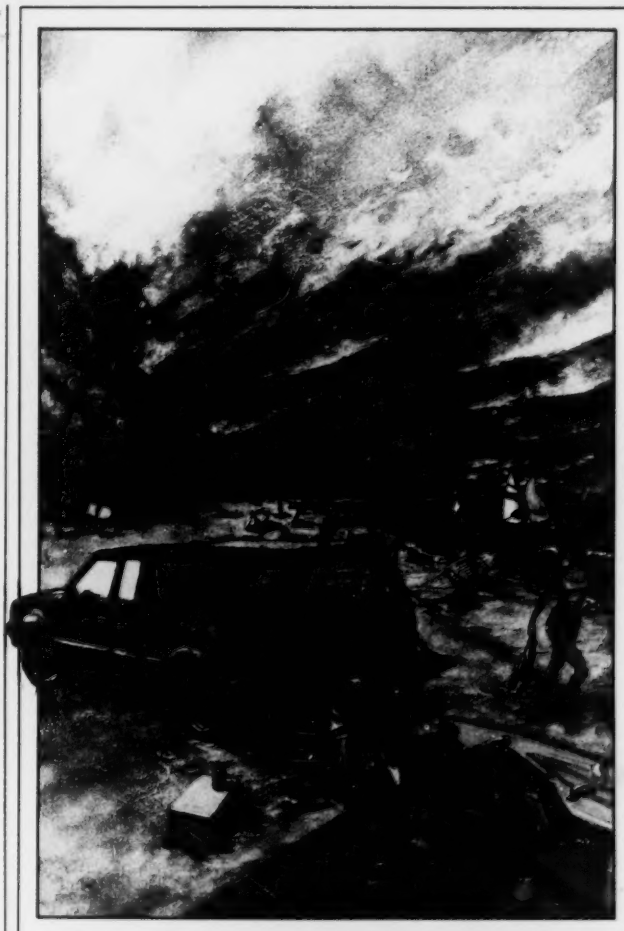

TOPPING OFF THE TRUCK BOOM: Strong pickup sales have spawned expansion by aftermarket truck-cap makers and even lured Detroit automakers into the cap market. See page 45.

New Van Group Forms to Fight Chevrolet Chassis Policy

A stormy Aug. 24 rally in Elkhart, Ind., which was attended by more than 200 van converters, suppliers, bankers and concerned citizens, was the platform for the launching of the Van Industry Alliance (VIA), a new nonprofit organization of small, nonbailment van converters.

The new group hopes to pressure Chevrolet Motor Division, Warren, Mich., into changing its recently announced policy of restricting van-chassis distribution to Chevrolet pool accounts.

The rally began with a caravan of Ford and Dodge conversions that forced the closure of two blocks of Elkhart's Main Street. Elkhart Mayor James Perron, one of the rally's opening

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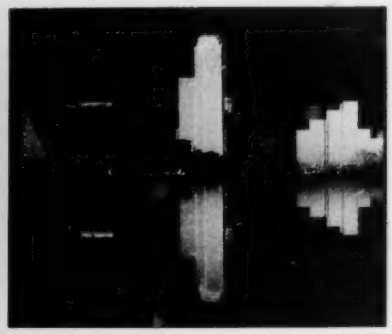

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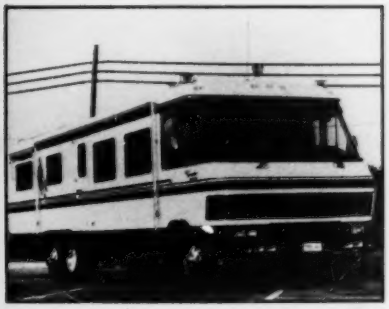

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Booming pickup sales have encouraged aftermarket truck-cap makers to expand and have even lured Detroit automakers to compete in the cap market.

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This guide to the Texas Recreational Vehicle Association's Supershow '89 includes exhibitor listings and floorplans.

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RV SHIPMENTS FOR JUNE ACCELERATE '88 GAINS

MORTON J. MARCUS

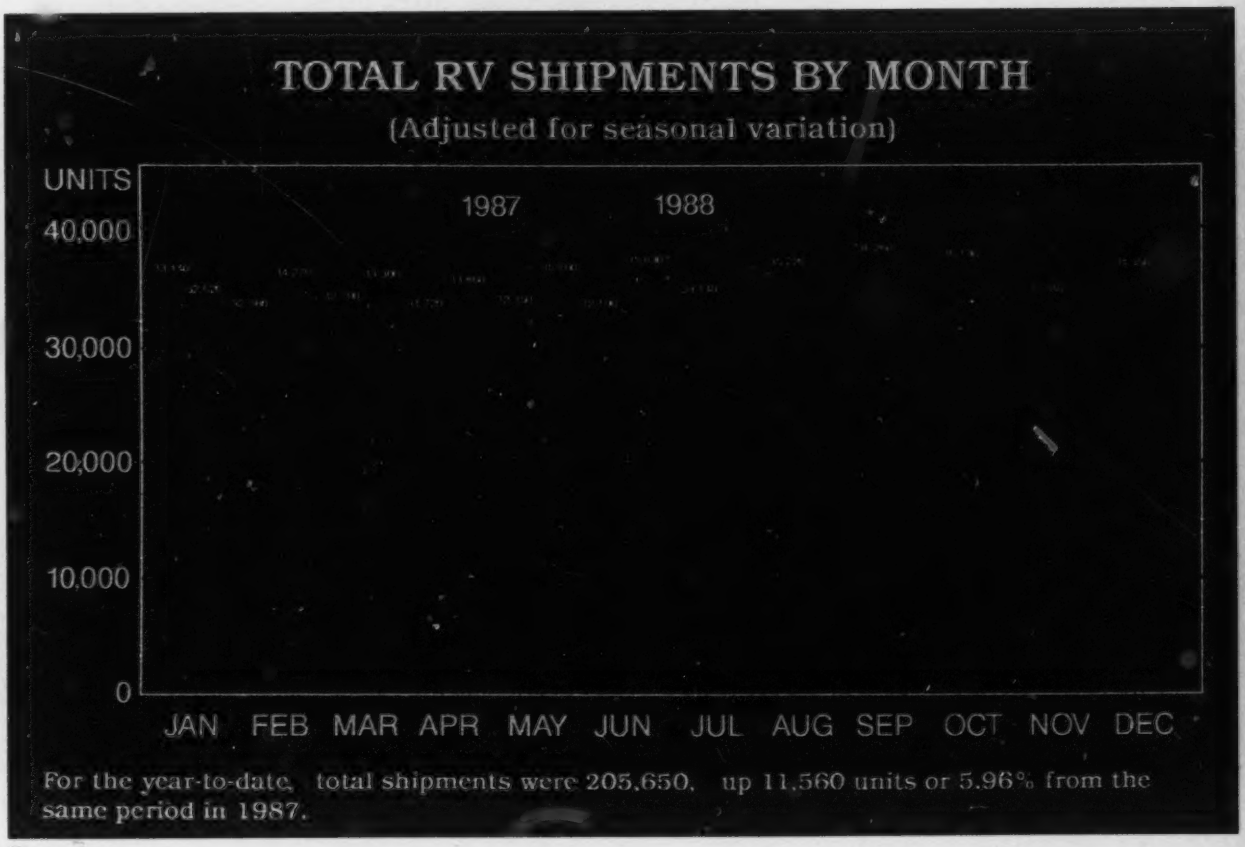

Figure 1

Total RV shipments, when adjusted for seasonal factors, were up in June.

Data from RVIA showed that shipments were up compared with *both* the previous month and the same month a year earlier. *(See Figure 1.)* This is the third consecutive month in which RV shipments have exceeded the previous month. June is also the fifth consecutive month in which shipments have been higher than those of the same month a year earlier; the month-to-month increase of May was minimal, but June 1988 was a strong 3,700 units ahead of June 1987.

This June advance is part of an accelerating year-to-year improvement. For the fourth consecutive month, shipments were not only higher than those of the same month a year earlier, but they widened the gap for the year-to-date compared with 1987. For example, a comparison of the difference from the same month in 1987 yielded:

	Units	Percent
March	600	1.8%
April	2,150	6.8%
May	3,410	10.5%
June	3,730	11.6%

In February, total shipments for the year were running less than 1,700 units ahead of that month in 1987. With the monthly increments shown above, that total was approaching a 12,000-unit increase from the previous year by the end of this June. Thus, for the year-to-date, total shipments were 6% above last year's tally at the end of June.

Where's the Strength?

As with any complex industry, the RV picture for the first half of 1988 is not well-described by an average. The 6% increase for the industry during the first six months of the year hid the fact that there were two distinct groups of winners and losers in the industry. *(See Figure 4.)*

All the *gainers* were doing better than the 6% industry average, and there were seven types of RVs in this fortunate group. This group also can be subdivided into the strong performers, which were doing more than 20% better than last year, and a second

group, which was reporting about a 7% improvement from 1987:

Strong Performers	
Fifth-wheels	25.7%
Park Models	23.0%
Better Than Average	
Truck Campers	7.6%
Class A Motorhomes	7.6%
Folding Camping Trailers	7.1%
Class C Minis	6.3%
Van Conversions	6.3%

At the same time that the industry enjoyed these advances, there were four *losers* in the year-to-year comparisons:

Conventional Travel Trailers	−0.5%
Class C Low Profiles	−13.3%
Class B Van Campers	−15.1%
Class C Micro-minis	−48.8%

These dramatic differences in growth rates meant that market shares moved as well. As seen in Figure 2, conventional travel trailers, despite the fact that they were down just 160 units from a year ago, dropped a full point in market share as the majority of the business grew. Class C micro-minis also dropped half of their market-share points. On the up side, fifth-wheels advanced by 1.2 market-share points to win the title of "big gainer."

Comparing Half Years

Although the first half of 1987 witnessed a fine improvement of 5,600 total units compared with the January-through-June period of 1986, that increase was just half the gain made in the first half of 1988 when compared with the first six months of last year. *(See Figure 3.)*

Again, the real story lies in the details. The biggest swing was in van conversions. In 1987, they were running 4,000 units behind their 1986 pace. This year, they were more than 5,600 units ahead of the previous year by June's end. That is a positive swing of 9,600 units and the most dramatic aspect of the half-year comparisons.

Five unit types showed improvements in both years, but only fifth-wheels have had an acceleration of improvement, moving from a 1,400-unit lead in 1987 to a 3,200-unit improvement in 1988. In contrast, conventional travel trailers and Class B van campers have both lost some of the gains made in 1987.

In sum, the first half of 1988 has provided good gains for much of the RV industry. And, when we remember the gloom-and-doom forecasts made by the "Wall Street Sages" of last October, these advances are all the more sweet victories. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

FIRST SIX MONTHS
RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

	1986	1987	1988	Unit Differences 1987-86	Unit Differences 1988-87
Total RVs	188,440	194,090	205,650	5,650	11,560
Travel Trailers:					
Conventional	27,070	29,420	29,260	2,350	−160
Park Models	3,930	3,160	3,890	−770	730
Fifth-wheels	11,150	12,540	15,770	1,400	3,230
Folding Camping Trailers	17,450	19,620	21,010	2,170	1,390
Truck Campers	3,440	4,890	5,260	1,450	370
Motorhomes:	15,820	18,840	20,260	3,010	1,420
Class A					
Class B Van Campers	2,780	2,870	2,440	90	−430
Class C:					
Minis	9,220	9,850	10,470	630	620
Low Profiles	1,700	1,250	1,080	−450	−170
Micro-minis	2,360	2,160	1,110	−200	−1,060
Multiuse Van Conversions	93,530	89,490	95,100	−4,040	5,610

Detail may not add to total because of rounding.

Figure 3

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1988	1987
Total RVs	100.0	100.0
Travel Trailers:		
Conventional	14.2	15.2
Park Models	1.9	1.6
Fifth-wheels	7.7	6.5
Folding Camping Trailers	10.2	10.1
Truck Campers	2.6	2.5
Motorhomes:		
Class A	9.9	9.7
Class B Van Campers	1.2	1.5
Class C:		
Minis	5.1	5.1
Low Profiles	0.5	0.6
Micro-minis	0.5	1.1
Multiuse Van Conversions	46.2	46.1

Detail may not add to total because of rounding.

Figure 2

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

TYPE OF UNITS	JUNE 1988	PERCENT CHANGE FROM MAY	YEAR-TO-DATE 1988	YEAR-TO-DATE 1987	PERCENT CHANGE
Total RVs	35,830	0.2	205,650	194,090	6.0
Travel Trailers					
Conventional	5,240	9.3	29,260	29,420	-0.5
Park Models	460	-38.4	3,890	3,160	23.0
Fifth-wheels	2,780	3.9	15,770	12,540	25.7
Folding Camping Trailers	3,660	17.6	21,010	19,620	7.1
Truck Campers	940	9.7	5,260	4,890	7.6
Motorhomes					
Class A	3,670	4.7	20,260	18,840	7.6
Class B Van Campers	500	40.2	2,440	2,870	-15.1
Class C					
-Minis	2,070	10.1	10,470	9,850	6.3
-Low Profiles	260	30.7	1,080	1,250	-13.3
-Micro-minis	90	-33.6	1,110	2,160	-48.6
Multiuse Van Conversions	15,760	-8.0	95,100	89,490	6.3

Note: Percentages are computed from unrounded data.

Figure 4

MAY SALES REBOUND FROM APRIL DIP

THOMAS WALWORTH

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

1988 has been a roller-coaster year. It has been difficult to find two months in a row with similar indicators.

While April's RV-trailer and motorhome sales were down compared with the same month last year, both sectors' sales accelerated in May to surpass May 1987. The RV industry also continued to outpace 1987 on a year-to-date basis.

May motorhome sales by region of the country recorded four positives and three negatives compared with last May, while all regions were up in motorhome sales for the year-to-date. For RV-trailer sales, meanwhile, two regions out of seven were down compared with May of last year, and three of seven regions were negative compared with the same five-month period of 1987.

Overall, the motorhome market had a nationwide increase of 28.2% in May 1988 compared with May 1987. For the year-to-date, the market increased 8.9% over the same period of 1987.

Figure 1 shows the country's regions ranked by their percent of change in motorhome sales from May 1987. Within the South Atlantic region, Florida had the largest increase in total motorhomes sold. In the Northeast, New York was the state with the largest decline in units sold.

Figure 2 shows the same seven regions ranked by their percent of change in motorhome sales for the year-to-date. Among the Pacific states, California had the largest unit-sales growth. Oklahoma was the state with the largest decline in sales in the South Central section.

In comparison with the large increase in motorhome sales overall, May RV-trailer sales rose 7.72% from the same month last year. For the year-to-date, the market was 5.08% ahead of last year.

Figure 3 ranks seven regions by the percent change in RV-trailer sales from May 1987. The ranking of the same regions for the percent change in RV-trailer sales for the year-to-date is seen in Figure 4. Among the Mountain states, Arizona had the largest unit-volume increase for the month. In the East North Central region, Indiana reported the largest drop in unit sales from May 1987.

The most interesting fact derived from the RV-trailer data is that the Northeast is leading the nation in total unit sales of RV trailers. The Northeast is even outperforming the Pacific region, which has historically been the market leader for all RV sales. From the year-to-date data, it can also be seen that the greatest growth potential for RV trailers now lies in the Mountain region, compared with the fact the greatest growth potential for motorhomes is still in the Pacific market. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

MOTORHOME MARKET

May '88 Rank	Region	% of Change From May '87	April '88 Rank
1	S. Atlantic	15.5%	7
2	E. N. Central	7.2%	4
3	Pacific	6.0%	2
4	Mountain	5.6%	3
5	W. N. Central	–0.3%	1
6	S. Central	–1.0%	5
7	Northeast	–7.2%	6

May '88 Year-to-Date Rank	Region	% of Change From May '87	April '88 Year-to-Date Rank
1	Pacific	16.6%	1
2	Mountain	10.5%	3
3	W. N. Central	9.4%	2
4	Northeast	8.1%	4
5	E. N. Central	7.1%	5
6	S. Atlantic	1.5%	7
7	S. Central	1.1%	6

Figures 1 and 2

RV-TRAILER MARKET

May '88 Rank	Region	% of Change From May '87	April '88 Rank
1	Mountain	24.6%	3
2	W. N. Central	22.4%	2
3	S. Central	13.2%	6
4	S. Atlantic	9.2%	7
5	Northeast	7.3%	1
6	Pacific	–1.3%	5
7	E. N. Central	–1.8%	4

May '88 Year-to-Date Rank	Region	% of Change From May '87	April '88 Year-to-Date Rank
1	Mountain	26.4%	2
2	Northeast	17.3%	1
3	W. N. Central	12.7%	3
4	E. N. Central	1.6%	4
5	S. Central	–0.5%	6
6	Pacific	–1.4%	5
7	S. Atlantic	–6.5%	7

Figures 3 and 4